

MEMORANDUM FOR: Acting Deputy Director for Administration

FROM: James H. McDonald
Director of Logistics

SUBJECT: Planning in the Directorate

REFERENCE: Mult adsee memo from DD/A, dtd 15 May 80,
same subj (DD/A 80-0427/1; OL 0 2302)

1. The reference includes a "strategic question," followed by a request for the Office of Logistics (OL) to identify strategic objectives, and then provides guidance concerning the tracking of objectives and their integration into the budgetary and MBO processes. The OL needs and supports this integrated approach; we need effective management as our future challenges are massive, involving the effect of reduced funds for capital investment, the necessity for energy and materiel conservation, the need for more effective information handling systems, and the requirement to utilize our personnel in a more productive manner.

2. The inability to achieve increased productivity through capital investment, escalating energy and materiel costs, combined with reduced budgets, inflation, and level or reduced personnel strengths, may combine such that a reduction of services is inevitable. These trends toward capability limits are some of the motivating factors for OL to plan, manage, and communicate differently than in the past and to design and implement information handling and control systems to cope with the concepts of efficiency, productivity, and scarcity--scarcity being a condition where demands exceed resources and capabilities. In the not-too-distant past, when resources were available to quickly expand capacity to meet demands, the emphasis was on responsiveness rather than efficiency. The future trend is for limited assets to operate efficiently and productively and then to truncate demands to meet capacity, with the future representing a much more complex and challenging managerial

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task over the more affluent days of the past. To limit services, to reduce requirements for support, and to be less responsive to select demands will require effective managerial skills, leadership, and communications. Better ways of doing things must be found, increased intra- and inter-Agency sharing of logistical support will be necessary, and improved planning and materiel management systems must be implemented. Support capabilities and capacities must be identified, standards established, and productivity monitored. Personnel will have to be motivated, innovative, and flexible. In this atmosphere, strategic planning is nonnegotiable. Recognizing the importance of strategic planning, the OL has been working over the past several months on a five-year plan, with the objective of creating a plan that is in step with your ultimate objectives of an integrated system that includes plans, budgets, and MBO's or other management systems. When completed, the five-year strategic plan will meet all the requirements of your 15 May request, because strategic objectives will be a subset of data that is identified in the plan. Because the plan is of prime importance to this office, several days in July are being set aside for division and staff chiefs to join the D/L, DD/L, and EO/OL in dedicating their thoughts to this project, with the finalized plan scheduled to be available in late July or early August. In the interim, as discussed between the Chief, Plans and Programs Staff, OL, and the Chief, Management Staff, DDA, the attached represents one OL strategic objective that is responsive to the strategic question of paragraph 3 of the reference. The objective is concerned with the Logistics Materiel Management System, a computerized control and Management Information System; and, of course, this one objective will also be included in the five-year plan.

3. We look forward to the opportunity to get back with you when the plan is complete and work out the reporting mechanism for those objectives you wish to track.

James H. McDonald

Attachment

STRATEGIC OBJECTIVE

Logistic Materiel Management System

1. Generalized Strategic Goal

The Office of Logistics, as any service organization, must provide the correct goods and services, in the right amount, at the correct place, and in the required time frame. Constrained resources, both money and personnel, influence OL's ability to provide dedicated attention to requirements. Although centralization and standardization give better overall organizational efficiency, response at the individual or project level often degrades as organizational size and centralization increase. The paramount strategic goal is to best balance the responsiveness of specialization and dedication with the efficiencies of centralization and standardization. This balance will be achieved through management and control systems that recognize and react to resource constraints, to service requirements and to operational efficiency, effectiveness, and productivity.

2. Specific Objective

Past computerization of the Agency's materiel management and control and associated functions has given birth to numerous stand-alone computer systems. These systems have proliferated to the extent that most major consumers of the logistics resource have their own dedicated system. Concurrently, the OL systems have become too limited and additional applications cannot be incorporated in a time or cost effective manner. Although the OL managerial and control systems are responsive, they are not tuned by the application of modern information handling techniques to insure that efficiency, flexibility, responsiveness and productivity are maximized against resource constraints and support requirements. To meet the objective of maximum productivity, flexibility and efficiency, a logistic materiel management system must be defined and developed. The system must include or communicate with materiel management systems in offices throughout the Agency, must communicate with GSA and Department of Defense supply systems, must integrate and streamline supply, procurement and financial requirements, and must provide the data for a flexible management information system.

The management information system must be tiered to address both operational and strategic decisions.

3. Planning Assumptions

Resources will be available to implement the system that is ultimately recommended through joint OL/ODP participation.

c. Major organizational customers

The Agency benefits from an effective supply/procurement/financial/support system, as does the Agency's suppliers. Twenty-six stand-alone support systems could/should be effected, along with major DDA systems (GAS, CONIF, FARS, ICS, etc.) Supply and Procurement Divisions within OL will be affected greatly, with substantial interface requirements with the OF.

d. Implementation date

System specifications completed by summer of 1981.

e. Preliminary estimate

An estimate is premature until requirements are defined, finalized, and approved. Approval is scheduled for summer of 81. Based on GAS and PERSIGN development costs, assuming the system is produced with Agency resources, an order of magnitude of effort would be in the ballpark of a team averaging 20 people taking 2 to 3 years at a total personnel and machine cost of about \$3 million. The ODP would provide the estimate when the scope becomes more defined.